

## SENATE BILL NO. 70

INTRODUCED BY B. GLASER

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE BASIC AND TOTAL PER-ANB ENTITLEMENTS FOR PUBLIC SCHOOLS FOR SCHOOL FISCAL YEARS 2002 AND SUCCEEDING YEARS; INCREASING THE BASIC ENTITLEMENT FOR EACH HIGH SCHOOL DISTRICT TO \$212,798 FOR SCHOOL FISCAL YEAR 2002 AND TO \$218,118 FOR SUCCEEDING SCHOOL FISCAL YEARS; INCREASING THE BASIC ENTITLEMENT FOR EACH ELEMENTARY SCHOOL DISTRICT OR K-12 DISTRICT ELEMENTARY PROGRAM TO \$19,152 FOR SCHOOL FISCAL YEAR 2002 AND TO \$19,631 FOR SUCCEEDING SCHOOL FISCAL YEARS; INCREASING THE TOTAL PER-ANB ENTITLEMENT FOR A HIGH SCHOOL DISTRICT OR K-12 DISTRICT HIGH SCHOOL PROGRAM TO \$5,180 FOR SCHOOL FISCAL YEAR 2002 AND TO \$5,310 FOR SUCCEEDING SCHOOL FISCAL YEARS; INCREASING THE TOTAL PER-ANB ENTITLEMENT FOR AN ELEMENTARY SCHOOL DISTRICT OR K-12 DISTRICT ELEMENTARY PROGRAM TO \$3,887 FOR SCHOOL FISCAL YEAR 2002 AND TO \$3,984 FOR SUCCEEDING SCHOOL FISCAL YEARS; INCREASING THE DIRECT STATE AID PERCENTAGE TO 50 PERCENT; DECREASING THE GUARANTEED TAX BASE AID PERCENTAGE TO 30 PERCENT; ADJUSTING THE TOTAL PER-ANB ENTITLEMENT CALCULATION BY LOWERING THE MAXIMUM ANB BY 200; AMENDING SECTIONS 20-9-306, 20-9-367, AND 20-9-368, MCA; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 20-9-306, MCA, is amended to read:

**"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for ~~44.7%~~ 50% of the basic entitlement and ~~44.7%~~ 50% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to ~~35.3%~~ 30% of the basic entitlement, up to ~~35.3%~~ 30% of the total per-ANB entitlement budgeted in the general fund budget of

1 a district, and up to 40% of the special education allowable cost payment.

2 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of  
3 the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education  
4 allowable cost payment.

5 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which  
6 may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366  
7 through 20-9-369.

8 (5) "BASE funding program" means the state program for the equitable distribution of the state's  
9 share of the cost of Montana's basic system of public elementary schools and high schools, through  
10 county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in  
11 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as  
12 provided in 20-9-321.

13 (6) "Basic entitlement" means:

14 (a) ~~\$206,000~~ \$212,798 for each high school district;

15 (b) ~~\$18,540~~ \$19,152 for each elementary school district or K-12 district elementary program  
16 without an approved and accredited junior high school or middle school; and

17 (c) the prorated entitlement for each elementary school district or K-12 district elementary program  
18 with an approved and accredited junior high school or middle school, calculated as follows:

19 (i) ~~\$18,540~~ \$19,152 times the ratio of the ANB for kindergarten through grade 6 to the total ANB  
20 of kindergarten through grade 8; plus

21 (ii) ~~\$206,000~~ \$212,798 times the ratio of the ANB for grades 7 and 8 to the total ANB of  
22 kindergarten through grade 8.

23 (7) "Direct state aid" means ~~44.7%~~ 50% of the basic entitlement and ~~44.7%~~ 50% of the total  
24 per-ANB entitlement for the general fund budget of a district and funded with state and county equalization  
25 aid.

26 (8) "Maximum general fund budget" means a district's general fund budget amount calculated  
27 from the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153%  
28 of special education allowable cost payments.

29 (9) "Over-BASE budget levy" means the district levy in support of any general fund amount  
30 budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,015~~ \$5,180 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through ~~800~~ 600 ANB, with each ANB in excess of ~~800~~ 600 receiving the same amount of entitlement as the ~~800th~~ 600th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of ~~\$3,763~~ \$3,887 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through ~~1,000~~ 800 ANB, with each ANB in excess of ~~1,000~~ 800 receiving the same amount of entitlement as the ~~1,000th~~ 800th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of ~~\$3,763~~ \$3,887 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through ~~1,000~~ 800 ANB, with each ANB in excess of ~~1,000~~ 800 receiving the same amount of entitlement as the ~~1,000th~~ 800th ANB; and

(ii) a maximum rate of ~~\$5,015~~ \$5,180 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through ~~800~~ 600 ANB, with each ANB in excess of ~~800~~ 600 receiving the same amount of entitlement as the ~~800th~~ 600th ANB."

**Section 2.** Section 20-9-306, MCA, is amended to read:

**"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for ~~44.7%~~ 50% of the basic entitlement and ~~44.7%~~ 50% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to ~~35.3%~~ 30% of the basic entitlement, up to ~~35.3%~~ 30% of the total per-ANB entitlement budgeted in the general fund budget of a district, and up to 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) ~~\$206,000~~ \$218,118 for each high school district;

(b) ~~\$18,540~~ \$19,631 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) ~~\$18,540~~ \$19,631 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) ~~\$206,000~~ \$218,118 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means ~~44.7%~~ 50% of the basic entitlement and ~~44.7%~~ 50% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of special education allowable cost payments.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following

1 calculations:

2 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,015~~  
 3 \$5,310 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the  
 4 district up through ~~800~~ 600 ANB, with each ANB in excess of ~~800~~ 600 receiving the same amount of  
 5 entitlement as the ~~800th~~ 600th ANB;

6 (b) for an elementary school district or a K-12 district elementary program without an approved  
 7 and accredited junior high school or middle school, a maximum rate of ~~\$3,763~~ \$3,984 for the first ANB  
 8 is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through ~~1,000~~ 800  
 9 ANB, with each ANB in excess of ~~1,000~~ 800 receiving the same amount of entitlement as the ~~1,000th~~  
 10 800th ANB; and

11 (c) for an elementary school district or a K-12 district elementary program with an approved and  
 12 accredited junior high school or middle school, the sum of:

13 (i) a maximum rate of ~~\$3,763~~ \$3,984 for the first ANB for kindergarten through grade 6 is  
 14 decreased at the rate of 20 cents per ANB for each additional ANB up through ~~1,000~~ 800 ANB, with each  
 15 ANB in excess of ~~1,000~~ 800 receiving the same amount of entitlement as the ~~1,000th~~ 800th ANB; and

16 (ii) a maximum rate of ~~\$5,015~~ \$5,310 for the first ANB for grades 7 and 8 is decreased at the rate  
 17 of 50 cents per ANB for each additional ANB for grades 7 and 8 up through ~~800~~ 600 ANB, with each ANB  
 18 in excess of ~~800~~ 600 receiving the same amount of entitlement as the ~~800th~~ 600th ANB."

19

20 **Section 3.** Section 20-9-367, MCA, is amended to read:

21 **"20-9-367. Eligibility to receive guaranteed tax base aid or state advance or reimbursement for**  
 22 **school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less  
 23 than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may  
 24 receive guaranteed tax base aid based on the number of mills levied in the district in support of up to  
 25 ~~35.3%~~ 30% of the basic entitlement, up to ~~35.3%~~ 30% of the total per-ANB entitlement, and up to 40%  
 26 of the special education allowable cost payment budgeted within the general fund budget.

27 (2) If the county retirement mill value per elementary ANB or the county retirement mill value per  
 28 high school ANB is less than the corresponding statewide mill value per elementary ANB or high school  
 29 ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county  
 30 in support of the retirement fund budgets of the respective elementary or high school districts in the

1 county.

2 (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or  
3 the district mill value per high school ANB is less than the corresponding statewide mill value per  
4 elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or  
5 reimbursement for school facilities in support of the debt service fund."

6

7 **Section 4.** Section 20-9-368, MCA, is amended to read:

8 **"20-9-368. Amount of guaranteed tax base aid.** (1) The amount of guaranteed tax base aid per  
9 ANB that a county may receive in support of the retirement fund budgets of the elementary school districts  
10 in the county is the difference between the county mill value per elementary ANB and the statewide mill  
11 value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund  
12 budgets for the elementary districts in the county.

13 (2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the  
14 retirement fund budgets of the high school districts in the county is the difference between the county mill  
15 value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of  
16 mills levied in support of the retirement fund budgets for the high school districts in the county.

17 (3) The amount of guaranteed tax base aid that a district may receive in support of up to ~~35.3%~~  
18 30% of the basic entitlement, up to ~~35.3%~~ 30% of the total per-ANB entitlement budgeted within the  
19 general fund budget, and up to 40% of the special education payment is calculated in the following  
20 manner:

21 (a) multiply the sum of the district's BASE budget amount less direct state aid by the  
22 corresponding statewide guaranteed tax base ratio;

23 (b) subtract the taxable valuation of the district from the product obtained in subsection (3)(a);  
24 and

25 (c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed  
26 tax base aid for each mill levied.

27 (4) Guaranteed tax base aid provided to any county or district under this section is earmarked to  
28 finance the fund or portion of the fund for which it is provided. If a county or district receives more  
29 guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by  
30 20-9-344."

1

2        NEW SECTION. **Section 5. Effective dates -- applicability.** (1) Except as provided in subsection  
3 (2), [this act] is effective July 1, 2001, and applies to school budgets for the school fiscal year beginning  
4 July 1, 2001.

5        (2) [Section 2] is effective July 1, 2002, and applies to school budgets for the school fiscal years  
6 beginning on or after July 1, 2002.

7

8        NEW SECTION. **Section 6. Termination.** [Section 1] terminates June 30, 2002.

9

- END -